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WITH REGARD TO THE IMPLEMENTATION
OF THE DECLARATION ON THE GRANTING
OF INDEPENDENCE TO COLONIAL COUNTRIES
AND PEOPLES

BERMUDA

Working paper prepared by the Secretariat

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BERMUDA 1/

I. GENERAL

1. Bermuda is located in the western part of the Atlantic Ocean about 917 kilometres east of Cape Hatteras on the North Carolina coast of the United States of America.

2. The Territory has a total area of 53.35 square kilometres and consists of 150 islands and islets extending from north-east to south-west along the edge of an extinct, submarine volcano. Most of the islands are inhabited and rise above sea level to an average height of 30 metres and a maximum elevation of 86 metres. The terrain is generally hilly, with fertile depressions and some marshy areas. The largest island is about 22.5 kilometres long and has a maximum width of 3.2 kilometres. It covers an area of about 3,650 hectares, consisting mostly of a fertile, shallow valley. About one tenth of the total land area is currently leased to the United States Government for military purposes.

3. There are no freshwater lakes or rivers in Bermuda. The climate is generally mild and humid, with a mean annual temperature of 21 degrees centigrade. It is influenced by the presence of the Gulf Stream nearby, which warms both the water and the air, thus permitting the unique existence of coral animals in such northern latitudes. The average annual rainfall is 1,470 millimetres. The hurricane season runs from June to November. Although Bermuda had not been seriously affected by hurricanes for the last 25 years, it did suffer damage from hurricanes in 1987 and 1989.

4. The latest available figures on the population of Bermuda, published in 1992, were based on a population and housing census conducted in 1991, which showed that Bermuda's civilian, non-institutional population was 58,460, including 15,823 born outside of Bermuda. Persons of African descent accounted for 58 per cent of the population (35,630), while persons of European and other descent accounted for 42 per cent (22,830). 2/

II. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. General

5. The Constitution of the Territory, adopted in June 1968 and amended in 1973, 1979 and 1989, contains provisions relating to the protection of fundamental rights and freedoms of the individual; the powers and duties of the Governor; and the composition, powers and procedure of the Legislature, the Executive, the Judiciary and the public service.

6. The Government of Bermuda consists of a Governor, a Deputy Governor, a Cabinet and a bicameral Legislature comprising a Senate and a House of Assembly. The Governor, appointed by the Queen, is responsible for defence, external affairs, internal security and the police. The Governor may delegate some responsibilities in these areas to the Bermuda Government. In exercising his

reserved powers, the Governor is required to consult with the Governor's Council, of which he is Chairman, and of which the Premier and two or three Cabinet ministers nominated by the Premier are members. The Premier and his Cabinet, through the Legislature, have full responsibility for the Government, except where restricted by the Governor's reserved powers. The Secretary of the Cabinet, appointed by the Governor in accordance with a recommendation of the Premier, heads the public service and acts as Secretary to the Governor's Council.

7. On 8 June 1993, a joint session of Parliament was held to commemorate the twenty-fifth anniversary of the Constitution, in the presence of the Governor, the leaders of both Houses, the opposition and the Premier who referred to the document as a framework for great progress. 3/ The leader of the opposition criticized what he called the foreign vote, and suggested that the twenty-fifth anniversary should be an occasion to set in place a mechanism to review the Constitution with a view to making changes so that it would become a dynamic instrument which would serve the entire community and provide for political stability. The Premier stated that the Constitution provided Bermuda with a "sound and workable framework for its most cherished institutions - its judiciary, its public service, its parliamentary arrangements and its appropriate guidelines for the conduct of an orderly and stable society". He admitted, however, that those same constitutional provisions could be improved to accommodate changing circumstances. 3/

B. Political parties and elections

8. There are three political parties in the Territory: the United Bermuda Party (UBP), the National Liberal Party (NLP) and the Progressive Labour Party (PLP). The last general election was held on 5 October 1993. 4/ There were 34,506 voters registered, compared with 31,159 in 1989. Some 3,500 new young voters were added to the electoral register as a result of the lowering of the voting age from 21 to 18. UBP fielded 40 candidates, of whom 23 were Black and 17 White; while PLP had 36 candidates, of whom all but 2 were Black. NLP entered 8 candidates. At least 3 independent candidates were expected to be in the race.

9. During the election held on 5 October 1993, the United Bermuda Party won a majority of 22 seats and the Progressive Labour Party won 18 seats (a gain of 3 new seats). Citing the possibility of the closure of the United States Naval Air Station and the delicate state of the economy, UBP claimed that the vote had been a referendum on the future of the Territory. The turnout reached a total of 77.5 per cent of registered voters, compared with 74.3 per cent during the last election, in 1989. The voters rejected the NLP members and the independents from the House of Assembly, thus reintroducing the two-party system, which had existed prior to the 1985 general elections. When the Parliament was dissolved by the Premier on 16 September 1993, it consisted of 22 UBP, 15 PLP, 2 independents and 1 NLP member. In the new Parliament, there are 13 newcomers and 6 women members (3 from each party, compared with 2 from each at the last election). 5/

C. Future political status

1. Position of the Territorial Government

10. During a meeting of British dependent Territories in London in November 1993, the Premier of Bermuda met with representatives of other Territories and concluded that the case of Bermuda was totally different from the others in that it was not tied to British financial aid. It has a strong infrastructure and a flourishing insurance business, as well as a prosperous tourist industry. He pointed out that, with the exception of the Cayman Islands, all British dependent Territories represented at the meeting needed financial support, which they might have to forgo if they became independent. Independence was not a major topic at the Conference, the purpose of which was to discuss the question of interdependence and regional cooperation. Participants wanted to know, however, the position of the United Kingdom regarding the remaining dependent Territories once Hong Kong reverted to Chinese jurisdiction in 1997. Other issues discussed dealt with the question of arrangements to be made to strengthen the Territories' relationship with the European Union. 6/

11. The Parliamentary Under-Secretary of State at the Foreign and Commonwealth Office visited Bermuda for the first time in December 1993 and stated that it was not his responsibility to make decisions for Bermuda. This was done by its own Government, which was sensibly governing a prosperous Territory that was self-governing and endowed with a modern infrastructure. Although some Bermudians believe that the Parliamentary Under-Secretary of State, the British Government officer with responsibility for the Territory, had been indifferent and possibly uncaring towards Bermuda, it was better to let Bermudians take control of their destiny, and as a consequence of that determination, he added, he had kept his distance both politically and physically. 7/

12. In a statement before the Bermuda International Business Association on 17 December 1993, 8/ the Premier of Bermuda said that the question of independence would likely be "back on the agenda" as a result of the removal of the military bases from the Territory. The President of the Bank of Bermuda supported the statement and added that Bermuda must consider the issue in terms of economic survival. The Minister of Health expressed the opinion that independence should be reconsidered soon because "the people of Bermuda have no alternative but to consider how they are going to independently look after themselves in the future. It has become clear to even the casual observer that Bermuda now has to be directly in control of its own economic and political destiny". Other senior Government ministers concurred and stated that it was only sensible for the Territory to look at all its options as it came to grips with the post-cold war world. The Senate leader said that the Government's position on the issue remained unchanged and that any decision on independence would have to be made by a majority of the people, most likely through a referendum. The Premier, who had expressed support for independence in the past, reportedly stated that the recent decision to close the Royal Navy Base in 1995 amounted to a further erosion of ties with the British Government, and that "Bermuda must see this as well as the economic changes abroad as an historical watershed that should prompt new and bold thinking on Bermuda's future". 9/

13. On 30 December 1993, the Premier of Bermuda, Sir John Swan, re-emphasized that the proposed closure of the American, British and Canadian bases had made the question of independence the order of the day and that a 1994 referendum on the issue could not be ruled out. He also predicted that 1994 would be a year of transition and fundamental changes for Bermuda. On the same day, Mr. Walter Brown, Spokesman for the Committee for the Independence of Bermuda, said that the Government should address all the issues facing Bermuda in a timely and comprehensive manner. He also stated that, whether the majority of people supported independence or not, all Bermudians must face it. Among the other issues the Committee listed as being of critical importance to the future of Bermuda were: whether Bermuda should retain dual-seat constituencies; whether constituencies should remain rooted to the parishes; what should be the role of the Senate in an independent Bermuda; whether Bermuda should become a republic or retain the Queen as Head of State. Mr. Brown also said that Bermuda's economic interests, specifically international business, would be affected by such international trade agreements as the General Agreement on Tariffs and Trade and the North American Free Trade Agreement. 9/

14. It was reported that a Conservative member of the United Kingdom Parliament, who was also the Chairman of the Anglo-Bermudian Parliamentary Group, had told reporters that the Government of the United Kingdom could offer a dependent Bermuda a new relationship once Hong Kong was returned to the Chinese Government in 1997. This new relationship would be similar to that existing between French and Dutch dependent Territories and their respective metropolitan authorities, and that Bermudians would acquire automatic residency rights in the European Union, as well as other privileges. The Premier of Bermuda, however, stated that on the basis of his discussions with the administering Power in November 1993 in London, he could not ascertain that the views expressed by the parliamentarian were those of the Government of the United Kingdom. 10/

15. Commenting on the question of future status, the leader of the opposition said that while his party (PLP) supported independence, it was more concerned with other pressing issues facing Bermuda, namely, the closure of the military bases and its impact on the economy. He also reiterated his party's position that the question of independence should be decided by new general elections, not through a referendum. He suggested that the Government should proceed in steps. The first step would be to resolve the problem posed by the future closure of the bases and then to address the question of independence through elections, contested on the basis of the parties' platforms expressing clearly their intention with regard to the future of Bermuda. The next step would be for the winning party to lead bipartisan talks in London for the purpose of drawing up a new constitution. He also noted that a status of full United Kingdom citizenship for Bermudians, enabling them to be part of the European Union, as referred to by the Chairman of the Anglo-Bermudian Parliamentary Group (see para. 14), could be one of the options offered to the voters. 11/

16. On 15 February 1994, the House of Assembly of Bermuda adopted by a vote of 20 to 18 the Independence Referendum Act, as proposed by the Government. The leader of the opposition party presented a motion which called for the House to reject a proposed Commission of Enquiry on the question of independence. On 2 March, the Senate postponed a decision on the referendum pending a debate by

the House of Assembly on the PLP motion regarding the Commission of Enquiry. Senators agreed that the postponement, adopted by a vote of 6 in favour to 5 against, would delay the adoption of a referendum legislation on the referendum, and therefore the referendum itself. 12/

17. The issue of independence continues to be the subject of intense discussion among the people of the Territory, who are calling on the two main parties to state clearly their positions on the question. The Chairman of UBP declared that his party would neither support nor oppose independence before the holding of the referendum. Instead, it would help to disseminate the information provided by the planned Commission of Enquiry, which would conduct an education campaign to examine and explain to the Bermudians the meaning and implication of each of the options put before the voters. 13/ A spokesman for the United Kingdom Foreign and Commonwealth Office, in reply to questions regarding his Government's position on the issue of independence, recognized that the subject was being examined by the Government of Bermuda and stated that "Her Majesty's Government remains ready to respond positively to any request for independence, when this is the clearly and constitutionally expressed wish of the people of Bermuda". The spokesman added that the task of defining a "clearly expressed wish" would be the responsibility of the Government of Bermuda and the Commission of Enquiry. 14/

18. A local newspaper, The Royal Gazette, commissioned a poll on the question of independence, the results of which were tabulated and weighed to reflect the demographic characteristics of Bermuda as reflected in the 1991 census. Participants, chosen from among registered voters, were requested to reply to a number of questions relating to the referendum and independence. The results were as follows:

(a) "Currently, the issue of independence for Bermuda is being debated. Do you believe that the pros and cons of independence should be explored at this time?" - Yes: 58 per cent; No: 32 per cent; Undecided: 10 per cent.

(b) "Would you vote on a referendum on independence?" - Yes: 71 per cent; No: 14 per cent; Undecided: 15 per cent.

(c) "Do you think that you have enough information available to you to make a decision on independence at this time?" - Yes: 24 per cent; No: 73 per cent; Undecided: 3 per cent.

(d) "Currently, are you in favour of independence for Bermuda?" - Registered voters who wold vote on referendum responded: Yes: 26 per cent; No: 59 per cent; Undecided: 15 per cent. 15/

19. According to published accounts, a secret report prepared by the International Companies Division of the Bermuda Chamber of Commerce warned that international business considered that independence would have a negative impact on the economy of Bermuda. The report also noted that after independence government spending, and therefore the cost of doing business in Bermuda, would increase. The Territory would lose effective representation in many worldwide organizations and Bermudians would probably need visas to visit many countries. The report stated that the Executive Committee of the International Companies

Division also did not see any advantages or benefits to be derived from independence and that international business favoured Bermuda for its political stability, among other things. The perception now was that this stability had already been adversely affected by the discussions concerning independence. 13/

20. Queen Elizabeth visited Bermuda on 9 March 1994 as part of her three-week tour of Caribbean and Atlantic islands. At a banquet held in her honour, the Premier of Bermuda told the Queen that "Bermuda must dream new dreams and face taking responsibility for its future following the planned closure of British and American bases in the Territory in 1995". 16/

2. Position of the administering Power

21. On 24 November 1993, in a keynote address to a conference on dependent Territories entitled "Progress through partnership", Mr. Douglas Hurd, Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom, outlined the policy of his Government regarding its dependent Territories. He noted that the world had changed so dramatically that the pressure to decolonize, which had been so strong, had become even more complicated. The assumption that granting independence was the only way to make progress had evaporated. With the exception of Hong Kong, which was a special case, there were about 2.6 million people living in all the Territories of the former colonial Powers. Some were bound by unavoidable political realities, and most showed no signs of wishing to move to full political independence.

22. According to the Foreign Secretary, the concept of statehood or independence had changed. In that connection, some Territories had chosen not to press for independence, and that was their right. Some Territories were too small to be viable, even by today's terms. Some could not sustain the expense, while some had powerful neighbours and felt the need for protection. They looked to a large State, usually the metropolitan Power, to provide such protection. Sometimes States formed an association which gave them statehood and internal self-government but enabled another country to look after their defence. Mr. Hurd pointed out that variety was one common feature. There was no blueprint for all the Territories represented. Each Territory had unique characteristics and its situation therefore needed to be examined in that light.

23. The Foreign Secretary made it clear that there was no doubt about his Government's sovereignty over its dependent Territories and that the basis for that was not just legal. All the British dependent Territories were British because they wanted to be. They had the right to self-determination and had all determined that they should be British. The manifestation of the right to self-determination varied with the circumstances, but the primary principle was that no Territory remained British against its will.

24. Furthermore, the relationship between the United Kingdom and its dependent Territories should as far as possible be that of equal partners. His Government no longer believed in the idea of a colonial office which issued instructions. The current aim of the policy of the United Kingdom was to help to provide for the economic independence of the dependent Territories and to pave the way for

the possibility of political independence, when the population so wished and if the circumstances of the Territory allowed.

25. According to the Foreign Secretary, in a number of Territories the Government of the United Kingdom had to deal with economies which were vulnerable because of their size, geography, climate and limited natural resources. His Government helped to mitigate those factors and build up stronger, more diversified and sustainable local economies. It did not believe that British aid was a long-term solution. The dependent Territories must seek to attain economic self-sufficiency in so far as they could.

26. The Foreign Secretary cautioned, however, that the Caribbean Territories were situated on one of the main drug-trafficking routes from Latin America, which made tourism and offshore finance particularly vulnerable to the activities of drug trafficking. This in turn threatened the fabric of Caribbean society because it undermined the economic basis of development. He recalled the measures taken by the Government of the United Kingdom in partnership with the Territories to root out drug trafficking, money laundering and organized crime. He emphasized that, in addition, both the United Kingdom and the Territorial Governments were developing other forms of progress through partnership and jointly agreed "policy plans". They were also committed publicly to a programme of economic development and good government. In conclusion, the Foreign Secretary said that his Government had "an open mind, though not an open purse". 17/

27. In his statement before the Special Political and Decolonization Committee (Fourth Committee) of the General Assembly on 14 October 1993, the representative of the United Kingdom said that his Government continued to take most seriously its obligations under the Charter of the United Nations to develop self-government in its dependent Territories in cooperation with the locally elected governments so as to ensure that their constitutional frameworks continued to meet the wishes and aspirations of their peoples. Each of the dependent Territories held regular and free elections at which all parties were free to advocate whatever constitutional proposals they wished. The United Kingdom also took its obligations seriously in responding to the economic needs of its dependent Territories. The United Kingdom representative criticized the draft resolution submitted to the Committee on the question of foreign economic interests, saying that it ignored the benefits that foreign economic interests brought to dependent Territories. He also said that elected governments in the dependent Territories expended considerable effort to attract foreign investment and that the Government of the United Kingdom supported that effort both materially and in spirit. He called on the Special Committee to recognize the positive and beneficial role of foreign investment, especially in small islands which had both limited capital and few natural resources of their own.

3. Action taken by the General Assembly

28. On 10 December 1993, the General Assembly adopted a consolidated resolution (48/51) on 10 dependent Territories, a section of which was specifically devoted to Bermuda (resolution 48/51 B, section III). In that resolution, the Assembly reaffirmed its view that it was ultimately for the people of Bermuda to decide

their own future; requested the administering Power to assist the territorial Government in its efforts to mitigate the effects of the world recession, particularly in the domains of tourism and international business; called upon the administering Power to ensure that the criminal justice system was fair to all inhabitants of the Territory; also called upon the administering Power to ensure that the planned restructuring of the public school system was not prejudicial to the economically less advantaged sectors of the population; further called upon the administering Power to ensure that the presence of military bases and installations in the Territory would not constitute an obstacle to the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples nor hinder the population from exercising its right to self-determination and independence in conformity with the purposes and principles of the Charter of the United Nations; and again called upon the administering Power to facilitate the dispatch of a United Nations visiting mission to the Territory.

D. External relations

29. The acting United States Consul General in Bermuda, who took up his post on 8 February 1994, denied rumours that the consulate was either closing or reducing its personnel. He said that the consulate would be responsible for a smooth turnover of the United States Naval Air Station and its civil aviation functions to the Government of Bermuda. Addressing the issue of the referendum, the Acting Consul General told reporters that the United States Government considered the matter a strictly internal Bermudian affair. 18/

30. The United States Government strongly supported the Bermuda International Conciliation and Arbitration Act 1993 which, according to experts and to the delegated Affairs Minister, would make Bermuda a natural world centre for arbitration. The London Court of International Arbitration said in 1991 that Bermuda was a natural location for such an institution, providing that changes were made to the Territory's arbitration legislation, which would remove restrictions on foreign lawyers and arbitrators operating in Bermuda. The new legislation would bring about those necessary changes. 19/

III. MILITARY INSTALLATIONS 20/

31. On 17 December 1993, the Secretary of State for Defence of the United Kingdom told the House of Commons that the Government planned to close its base, the HMS Malabar, in Bermuda on 1 April 1995. This closure would mark the end of more than two centuries of British naval presence in the Territory. The Premier, Sir John Swan, viewed this decision as "a further erosion of ties with the British Government". He also expressed his concerns regarding the date of closure, which was set for six months before the likely date of the closure of the United States Naval Air Station and two years following the Canadian forces' withdrawal. The Governor of Bermuda, however, reiterated the British Government's continuing interest in matters relating to the defence of Bermuda. Close links would continue between the British Army and the Bermuda Regiment, to which five British officials are currently attached. 21/

32. Following meetings held on 30 November 1993 in which the United States and the North Atlantic Treaty Organization (NATO) military representatives announced that the United States Naval Air Base, which had no military value for the foreseeable future, would close in September 1995. The Premier of Bermuda declared that Bermuda would lose almost 10 per cent of its gross domestic product as a result. This loss represents the spending by the base on Bermuda as well as the costs of operating the air traffic facilities for the civilian airport.

33. In December 1993, during a visit to Bermuda by the Parliamentary Under Secretary for Foreign and Commonwealth Affairs of the United Kingdom, the Premier requested a formal authorization from the Government of the United Kingdom to negotiate the closure of the United States base. He also wanted to determine the role the United Kingdom would play in preparations for the negotiations and called for a report on the resources needed by the Territory to prepare new arrangements for the takeover of essential operations such as air traffic control and costs associated with maintenance and use of all equipment and installations left by the United States military. 22/

34. On 24 February 1994, the United States officially announced that it would close the base effective 1 September 1995, and that it was the intention of the United States Government to return all leased land to Bermuda "with the exception of the National Aeronautics and Space Administration (NASA) station at Cooper's Island and the facility at Tudor Hill in Southampton". The commanding officer of the United States Naval Air Station stressed that the United States Government would strive for the preservation of friendly relations and a spirit of mutual respect among all concerned. 23/

35. The Government of Bermuda announced in March appointments to two of five planned committees whose work would be crucial to the takeover of military base lands: the air operations and the infrastructure committees. 24/

IV. ECONOMIC CONDITIONS

A. General

36. Bermuda has no natural resources in the conventional sense upon which to build a viable economy. It has capitalized historically on its location and scenic beauty and has developed a thriving tourist industry which remains an important component of the economy of the Territory. The international-business industry also makes an important contribution to the economy of the Territory, bringing in large amounts of foreign currency. Other earnings are derived from exports, shipping, investments and other goods and services.

37. The manufacturing and agriculture sectors in the Territory exist on a limited scale and therefore contribute little to the economy of the Territory. Local manufacturing industries include printing, fish processing and ship repair, as well as the manufacture of paint and pharmaceutical products. In recent years, there have been attempts to attract high-technology firms to Bermuda in an effort to develop a centre for computer technology in the

Territory. Agriculture activity is constrained by the small amount of land available for farming.

38. During the period under review, Bermuda's economy, which had been adversely affected by the global recession, began to recover slowly and is expected to show a net growth in gross domestic product (GDP) of more than 1 per cent, compared with a loss of 6 per cent between 1989 and 1992. 25/ In his speech from the Throne on 5 November 1993, the Governor stated that although the economy had performed well, there remained many uncertainties on the international scene which could impede further growth, and that decisions taken in the coming years would be crucial to the long-term economic development. The Government would therefore continue to place emphasis on achieving a balanced current account and on the general good management of the economy of Bermuda. 26/

39. The economic decline during the period from 1989 to 1992 was largely the result of the Territory's dependence on the United States economy and the current upturn had been brought about by external factors such as a steady increase in the number of tourists and a rapid growth in international business. 25/ Both sectors have benefited primarily from the strengthening of the economy of the United States. Local improvements in a number of areas also helped stimulate the recovery, making Bermuda more competitive as both a tourist destination and an international business centre.

40. The rate of inflation was 2.1 per cent during a one-year period ending in November 1993, compared with 3.1 per cent during the same period of the previous year. According to the Finance Minister, this rate was the lowest since 1977 and the Government was once again able to lower the inflation rate by containing costs and encouraging reasonable wage settlements. 27/ The per capita income of Bermuda was reported to be B$ 28,220 28/ in 1992 for a gross national product (GNP) of B$ 1,728 million, according to local finance figures. 9/

B. Public finance

41. In his budget statement on 14 February 1994, the Minister of Finance stated that Bermuda had weathered the recession rather well because the Government had recognized the seriousness of the economic situation from the start and immediately took the necessary measures in anticipation of a prolonged period of uncertainty. The budget for 1990/91 provided for a strong revenue base and tightly controlled expenditures. The Minister underlined two specific factors which had strongly influenced the preparation of the 1993/94 budget: the contraction of GDP as a result of the recession, and the planned withdrawal of the military bases from the Territory.

42. Total revenue for the financial year 1993/94 is anticipated to be B$ 360.8 million, some $8.3 million or 2.4 per cent more than the B$ 352.5 million originally estimated. Receipts from passenger and departure taxes are expected to amount to B$ 16.8 million, and hotel occupancy taxes are projected to total B$ 11.1 million. Customs duty, which represents about 36 per cent of total government revenue, will total B$ 131.2 million; hospital levy and employment tax revenue are expected to total B$ 49.4 million and

B$ 25.9 million, respectively. According to the Minister of Finance, the total expenditure estimate for fiscal year 1993/94 will amount to B$ 334.8 million. 27/

43. In the budget statement, the Minister of Finance reported that the Government had operated within its original current account expenditure budget for the past three financial years and would be only marginally over budget during fiscal year 1993/94. The balance on current account for 1993/94, expected to be B$ 21 million, added to the available cash account of B$ 9.8 million at the start of the fiscal year, would be applied to a total capital expenditure of B$ 47.2 million, thus leaving B$ 16.4 million to be covered by borrowing, which was expected to total B$ 80 million in 1993/94. 27/

44. The Government of Bermuda anticipates having B$ 385.2 million in total revenue and B$ 400.8 million in total expenditure during fiscal year 1994/95. These estimates were prepared taking into account the closure of the bases in 1995. In this connection, it should be recalled that the United States bases alone contributed about B$ 35 million in direct revenue to Bermuda in 1992 in the form of rents paid to local landlords, wages paid to Bermudians and the local purchase of goods and services. The departure of the bases, especially the United States bases, will mean that the Territory not only will lose this direct income but will also have to assume the cost of providing air traffic control, weather and fire stations, security and air field maintenance, estimated in excess of B$ 10 million, all of which were previously paid by the United States Government. There will be, however, solid long-term benefits from Bermuda's repossession of some 10 per cent of the island's land area.

45. According to figures contained in the budget statement, an excess of 52 per cent of total current expenditures during fiscal year 1994/95 will be allocated to five major departments: education (12.9 per cent); health (12.4 per cent); infrastructure (11.5 per cent); tourism (8.2 per cent); and police (7.2 per cent).

46. The detailed revenue projections for the same period were made on the assumption that visitors' expenditure and foreign currency generated from international business would increase substantially. The Government also forecast a modest recovery in the construction sector, a slight increase in household disposable income and a stabilized rate of inflation of between 2 and 2.5 per cent. These encouraging developments led the Government to predict that the Territory's external balance of payments on current account, which is expected to show a surplus during the period under review, would continue to improve and that GDP would grow by 2.5 to 3 per cent in real terms in 1994/95.

C. Banking

47. Foreign banks are not allowed to operate in Bermuda; therefore, local banks benefit from a quasi-monopoly in handling lucrative international business operations for offshore clients. During the economic recession in Bermuda from 1989 to 1992, the major banks, i.e., the Bank of N. T. Butterfield and Son and the Bank of Bermuda, whose profitability had never been tied to domestic business, had managed to benefit from their international operations to sustain

their growth. For the year ending 30 June 1993, the Bank of Bermuda reported a 26 per cent increase in profits to B$ 35.8 million, while the Bank of Butterfield's net income rose by 12 per cent to B$ 30.1 million. However, one important area of international business, namely offshore trust operations, is under strong competition from foreign companies since the Bermuda Monetary Authority granted four trust licences in compliance with the Government's plan to end the local banks' monopoly on offshore trust business.

48. A third bank, Bermuda Commercial Bank, founded in 1969 and the only bank owned by Bermudians of African ancestry, was acquired in 1993 by First Curaçao International Bank, based in the Netherlands Antilles.

49. The Bank of Bermuda had reportedly bought a large foreign institutional business located in Asia (Hong Kong and Singapore) to strengthen its position in that area. Under the terms of the acquisition, the Bank of Bermuda will administer an extra B$ 3 billion worth of institutional assets, thus raising the total amount of funds managed on behalf of its clients from B$ 25 billion to B$ 28 billion. The President of the Bank, replying to concerns over the magnitude of the deal, said that the Bank would not stretch itself financially and that the decision had been taken as part of a plan to continue developing the share of international business accounts in the Bank's profits and to provide valuable jobs in Bermuda. 29/

50. An annual survey of the world's 1,000 largest banks taken in 1993 revealed that the Bank of Bermuda was ranked the 684th largest bank, with assets of B$ 5.83 billion as of 30 June 1992. The Bank of Butterfield, with B$ 3.4 billion in assets, is ranked 795th. All banks in the survey were compared in terms of real growth in profits, performance and return on assets. In 1993 the Bank of Bermuda reported a profit of B$ 35.9 million, compared with B$ 28 million the previous year. The Bank of Butterfield reported a profit of B$ 27 million in 1992. 30/

51. On 2 March 1994, the Governor of the Bank of England approved a plan to abolish exchange controls in Bermuda, saying that its removal would be beneficial to the Territory's economy. 12/ The Minister of Finance revealed in the budget statement on 14 February 1994 that the final barrier, the B$ 25,000 annual ceiling on foreign currency export, would be phased out within a year.

D. International business

52. The contribution made by international companies to Bermuda's economy is as important to the economic welfare of the Territory as the income it derives from its main industry, tourism. With a decline in revenue from tourism during the past year, the Bermuda Government has focused its energy on ensuring that the Territory remains an attractive location for international companies and on increasing the contributions made by this sector to the economy of the Territory.

53. In his budget statement, the Minister of Finance announced that in 1992 international companies spent B$ 359 million in Bermuda, an increase of 5.5 per cent over 1991. Of this amount, some B$ 30.8 million was a direct

contribution to government revenues in the form of taxes and fees. During 1993 a total of 887 new companies were registered in Bermuda, bringing the total number of companies on the register as of 31 December 1993 to 7,580, a net increase of 309, or 4.2 per cent, over 1992.

54. In the insurance sector, Bermuda, already a leading captive insurance centre, is a favoured venue for a number of specialist companies operating as financial reinsurers covering international companies against the cost of legal awards. The growth of this sector was attributable mainly to higher rates on international reinsurance, following a number of recent natural disasters, as well as to the Territory's financial regulations and the absence of a tax on profits, dividends or income. 25/

55. It was reported in 1993 that the Reinsurance Association of America had published a survey on reinsurance which showed that Bermuda was by far the biggest reinsurance domicile in the world and that a total of B$ 4.5 billion in reinsurance premiums had originated from the United States alone in 1991, more than double the level of B$ 2.03 billion in 1990. The Reinsurance Association of America, a non-profit trade association, is using the findings of its survey to support greater United States Government involvement in the reinsurance industry through an increase in Federal excise taxes on premiums paid offshore. 31/

56. The Registrar of Companies, who is the chief regulator of Bermuda's insurance industry, regularly attends the meetings of the United States National Association of Insurance Commissioners to defend the Territory's regulatory system. In recent statements, he reiterated that the standards and rules of acceptance in the industry must be kept high to screen out disreputable companies attempting to domicile in Bermuda. He also said that his department was increasing the level of its staff and improving its technical facilities in order to cope with the growth in the insurance and reinsurance market. During the year ending 31 December 1992, a total of 59 new insurance companies registered in the Territory, reinforcing its claim to be the largest reinsurance centre in the world, with a total of 1,324 registered insurance and reinsurance corporations. As an indication of the importance of the insurance sector to Bermuda's economy, the Registrar of Companies cited figures for 1991 which showed that the total of gross premiums written was B$ 15.4 billion, net premiums written were B$ 11.8 billion, total assets were B$ 52.5 billion and capital and surplus B$ 19.8 billion. 32/

E. Transport and communications

57. The only airfield in Bermuda is located at the United States Naval Air Station and since 1948 has been used for civilian purposes under an agreement between the Governments of the United States and the United Kingdom. The announced withdrawal of the United States base in 1995 will revert ownership and operations to the Government of Bermuda. According to the Premier, the United States Navy is still handling the majority of functions of the airport, including runway maintenance, air traffic control, weather forecasts and search-and-rescue missions. He also noted that the airport linked Bermuda to 13 international destinations served by seven airlines, which brought in more than

400,000 visitors a year, including international business professionals and tourists. Travellers leaving Bermuda are charged a departure tax which contributes some B$ 5 million a year to government revenue. 33/

58. Communications links between Bermuda and the rest of the world are provided by Cable and Wireless (West Indies), Ltd. Services provided to business and residential users include international telephone and telex services; international data access services which allow subscribers to access computer data bases overseas; electronic mail; international leased circuits which provide communication lines to customers with large volumes of voice and data traffic; live telecasting; and video-conferencing.

59. In January 1994, the Telecommunications Commission received applications from seven new telephone companies to provide international phone calls to Bermuda. This competition for government licences to operate in the Territory would challenge the long-standing agreement between Cable and Wireless and Telco, which is viewed by the new companies as a monopoly. During hearings held by the Telecommunications Commission on 9 February 1994, Telco revealed that it was also applying for an international licence which would allow it to restructure its arrangements with Cable and Wireless. One of the companies seeking a licence is planning to link Bermuda with a worldwide computer information system called Internet. 34/

F. Tourism

60. In his Throne Speech of November 1992, the Governor stated that the Territorial Government remained committed to the development of new tourist markets while ensuring that Bermuda's traditional markets were well served. The Governor added that work was under way to focus marketing efforts to ensure that the tourist industry remained competitive. The Government had continued its successful dialogue with the major hotel operators in Bermuda and had been encouraged by the joint initiatives that had resulted. 35/ In the budget statement of February 1994, the Minister of Finance stated that the Hotel Refurbishment (temporary duty relief) Act 1991, which is due to expire at the end of November 1994, would be extended to 30 June 1995. This extension will permit the hotel sector to take full advantage of the Act in 71 renovation programmes during fiscal year 1994/95. 27/

61. According to data provided by the Minister of Finance in his budget statement, a total of 567,109 persons visited the Territory in 1993, an increase of 60,872 or 12 per cent over 1992. Tourist arrivals by air numbered 412,473, an increase of 37,976 or 9.2 per cent over the previous year. The number of cruise-ship passengers rose to 153,944, an increase of 22,938 or 17.4 per cent over 1992. Visitor spending in Bermuda also increased substantially (a rise of 14.3 per cent during the nine months ending September 1993, compared with the same period in 1992). The Government will spend B$ 29.2 million on tourism in 1994/95, compared with B$ 28 million in 1993/94. 27/

62. In view of continuing operating losses reported by the Territory's largest hotels, the Government decided to set up a special committee composed of government officers and hotel operators to "restore the viability of local

hotels". The economic difficulties faced by hotel owners are becoming serious and are the direct consequence of high operating costs. As an example, hotel managers claim that they must pay some 19 cents of every dollar spent on guests for fuel needs, compared with an international norm of about 4 cents of every dollar. As a result, Bermuda remains one of the costliest tourist destinations in the Atlantic and Caribbean regions. 34/

G. Shipping

63. Hamilton, the main port of Bermuda, offers modern facilities and docks which can accommodate 750 metres of berthing space and some 4,000 square metres of shed space. There is also a container park of 2.23 hectares and 322 kilometres of quay, in addition to two other modern port facilities. On the northern side of the island of St. George, Esso Bermuda operates an oil terminal. On Ireland Island, the Royal Navy of the United Kingdom operates and controls a large area of berthing space which is used by visiting warships and nuclear-powered submarines of NATO.

64. The port of Hamilton is a port of British registry where ships have been registered since the 1790s and where a substantial number of ships have been registered in recent years. Under the Merchant Shipping Order of 1989, which affected all United Kingdom dependencies and dependent Territories, Bermuda was categorized as an A-1 unlimited tonnage registry.

65. The shipping registry plays an increasingly important role in the Territory's international business sector. Registration of ships results in direct and indirect employment in both the government and private sectors. It also provides substantial revenue to the Government. The increase in tonnage came about as a result of efforts by the Government of Bermuda to make the registry both reputable and competitive.

66. In February 1994, the Minister of Transport, commenting on "The Merchant Shipping (Demise Charter) Act 1994" before the House of Assembly, said that the introduction of a demise charter or secondary register in Bermuda would increase revenue from the shipping industry without lowering the Territory's shipping standards. The Act, if approved, would allow a ship to have two registries: one primary registry in its original jurisdiction and a secondary registry used by those who charter the ship. The demise charter would thus authorize a vessel chartered without crew to register in Bermuda and become subject to local standards. 36/

H. Agriculture and fisheries

67. It was reported that the Government's decision to eliminate the use of fish pots, which went into effect in 1990, had contributed to the preservation and expansion of the Territory's reef fish population. The ban was designed to protect reef fish, which were increasingly being caught with fish pots. According to the Department of Fisheries, there had been an increase of 17 per cent of reef fish in 1992 over 1991. 37/ Commercial fishermen, however, complained in February 1994 that the fish pot ban continued to be defied by

other fishermen who drop unmarked pots which they could easily retrieve through the use of modern satellite technology. 38/

68. The Department of Fisheries announced that it would continue to issue licences to foreign fishermen to ensure that Bermuda did not lose its right to the 200-mile exclusion zone. (Under international law, the right to the exclusion zone could be lost if not used.) 39/ The Department's policy is to encourage Bermudian long-line fishermen to take advantage of the high seas around the Territory. This fishing technique, which requires a huge amount of investment, is, however, out of reach of most Bermudian fishermen. A moratorium on tuna fishing off the United States and Canada coasts provided a Canadian fleet with an opportunity to be granted fishing licences by the Government of Bermuda on condition that they employ at least two Bermudian crew members per boat. In February 1994, the Canadian vessels delivered their first catches, consisting of 11,000 pounds of tuna which were flown to the United States.

69. With regard to agriculture, although the climate of the Territory is conducive to agricultural development, the small amount of land available for this purpose (some 251 hectares) permits only small-scale farming. The system developed in the Territory is that of small market gardening holdings, and growers normally sell their produce directly to the consumer. In some cases, however, the Government provides marketing assistance.

V. SOCIAL CONDITIONS

A. Environment

70. In his Throne Speech on 5 November 1993, the Governor reaffirmed the Government's commitment to the protection of the environment and said that it would continue to develop the national parks system for the enjoyment of the public. Within the park system, emphasis would be placed on the building of recreational and community playground facilities. 26/

71. A member of Parliament expressed his concern that, following the closure of its base, the United States Navy might leave behind a polluted environment. Noting that successor commanders of the base had displayed a sensitivity towards Bermuda's unique environment, the member of Parliament nevertheless said that it was imperative to know whether or not any toxic waste sites existed on land or at sea; the nature of any toxic wastes; whether the United States would clean up such sites and what specialized equipment/manpower and funds would be needed if Bermuda had to do the clean-up. In reply to those queries, the spokeswoman of the base stated that she was not aware of any toxic sites on the base and that there were regulations and standards which the United States military must follow when de-establishing a site. 40/

72. The Government of Bermuda gave its support to an oil-burning experiment, to be conducted jointly by Canadian and United States science agencies, in the Territory's waters 20 miles off the coast. The experiment, which is designed to help clean up oil spills, would involve the burning of a 10,000-gallon oil spill on water for about a two-hour period and would test the feasibility of this clean-up method on warm waters. The opposition strongly criticized the

Government's decision to back such an environmentally risky experiment in the Territory's waters. 41/

73. It was reported that Russian scientists had told United States nuclear experts that a Soviet submarine had sunk in October 1986 some 500 miles east of Bermuda and was currently broken up, leaking radioactivity from nuclear equipment which was badly damaged and scattered on the sea floor into an area of strong current. The report raised strong concerns about environmental poisoning that would cause radiation to move towards fishing waters off Bermuda, which lies in the direction of a deep current flow from the area of the wreckage. 42/

74. A water plant with a capacity of half a million gallons of water every day should be operating in 1994 in Bermuda, using reverse osmosis, a method of turning salt water into potable water. The Bermuda Biological Station decided to carry out a number of tests to make sure the plant would not adversely affect the marine environment. The filtered water is expected to be piped to the main Watlington Waterworks, which supplies water to 75 per cent of the hotels in Bermuda and the city of Hamilton. 43/

B. Race relations

75. In his speech from the Throne, the Governor announced the creation of a new Ministry designed to deal with problems of discrimination in Bermuda and to work towards finding solutions within a race relations division, to be established in the new Ministry. The Governor recognized that although significant progress had been made towards achieving equality among Bermudians, there still existed barriers preventing some from full participation. This problem will be addressed on a priority basis by removing all barriers and identifying all impediments to equal opportunity.

76. According to the detailed results of the latest census of 1991 published in April 1993, households headed by Black Bermudians earned 32 per cent less than those headed by White Bermudians and the median annual income of the former was B$ 48,204, compared with B$ 63,660 for the latter. For households headed by White non-Bermudians, the median annual income was B$ 56,376. This difference in income is in line with the figures of the 1988 household expenditure survey. According to a former government statistician, while the report clearly established that Bermudians enjoy a high standard of living, it confirmed the view that Black Bermudians are not sharing equally in the benefits accrued from the economy, and that Bermuda's first priority should be to determine the cause of the anomaly and to eradicate it. 31/ During the electoral campaign in October 1993, the Premier pledged to put the problem of race relations, which he characterized as the single biggest issue in Bermuda, at the top of his priority list, and appointed a Minister of Human Affairs and Information to be responsible for race relations, human rights, the war against drugs as well as government information services. 44/

C. Drug prevention

77. The Governor, who characterized the impact of drugs on Bermuda as unacceptable, said that the Government planned to establish a Commission for the National Drugs Strategy in 1994 and would provide it with the necessary funds to ensure its effectiveness. The drug prevention pilot experiment carried out in St. David's. if proven successful, will be extended to other parts of the Territory. The Government will increase efforts to mobilize public opinion to combat the drug problem and, to this effect, will make available the necessary resources to the police in its fight against drug trafficking and other crimes. During the election campaign, several parishes expressed concern over increased drug offences and other related crimes and called for more police patrols in Bermuda's drug-infested areas. 26/

78. In October 1993, representatives from Bermuda attended the fifth International Conference on Drug Abuse, held in Jamaica, along with 40 other delegations. The executive officer of the National Drugs Commission said that the Conference underlined the importance of involving a broad spectrum of agencies and groups in the fight against drugs and thus confirmed the validity of the Territory's community development approach. He recommended that the Commission apply for membership in the International Council on Addictions and Alcohol in Switzerland and establish links with other international drug agencies. 45/

D. Labour and immigration

79. In the Throne Speech reviewing developments in Bermuda during 1992, the Governor acknowledged that the Territory was experiencing significant unemployment and stated that the Government was conscious of the concerns and fears of the people. 35/ In an endeavour to address the problem, the Premier appointed a Task Force on Employment in March 1992 with a mandate to study training and employment in Bermuda and to ensure that the Territory's workforce, which relied heavily upon foreign labour and expertise, was ready to meet the needs of the future. 46/

80. According to a 1992 Manpower Survey tabled in the Senate in December 1992, Bermudians dominated almost all of the seven major job groups in the Territory. Out of a total workforce of 33,650, there were 26,358 Bermudians. The only categories of jobs in which non-Bermudians almost outnumbered Bermudians were those in the agriculture, fishery and animal husbandry sectors. Between August 1991 and 1992, 422 Bermudians and 421 non-Bermudians were employed in those fields. 47/

81. In 1993, the Governor reported that the task force on employment and the commission on competitiveness were due to report in 1994 on ways and means to improve the competitiveness of Bermuda and to expand the economic opportunities available to Bermudians at all levels. He also said that the Government remained determined to produce the economic environment necessary for the highest level of employment possible.

82. The Minister of Finance said on 14 February 1994 that the most evident manifestation of the consequences of the recession was the fact that the number of work permits held by guest workers had dropped by almost 50 per cent, from 10,000 to 5,400 during the four-year period from December 1989 to December 1993. While this decline presumably spared Bermudians from the adverse effects of a tightening of employment opportunities, it also reduced substantially the local demand for goods and services, and this had a serious negative effect on the economy as a whole. As a result, loss of rents and lower purchasing power cost the local economy B$ 300 million over the four-year period. 27/

83. The Government announced plans to create a training scheme to provide courses for young Bermudians seeking to learn new trades and skills. The Government's Training Council hired a Bermudian training officer to assist in the development and coordination of training programmes. The Government had allocated a total of B$ 100,000 in its budget for the plan. The business sector was invited to participate in the programme through the sponsoring of technical scholarships. 48/

84. The Government decided to continue the moratorium on discretionary grants of Bermudian status for foreigners who worked in the Territory for a period of seven years or more, instituted in 1989 and due to end in July 1994. Currently, under the moratorium, only people with close Bermudian ties will be able to get discretionary grants of status. The Home Affairs Minister said that his Ministry had been working for several months on changes to the Immigration Protection Act 1956, which would permanently exclude people without Bermudian family connections from applying for Bermudian status. 49/

E. Health and social services

85. Health services are provided by the Ministry of Health and Social Services. Medical care is also provided by private practitioners and three government health clinics. Fees are charged for hospital care, and medical insurance is compulsory for all workers. A hospital levy covers the cost of services rendered by the hospitals to children under 16 years of age, and indigent persons over 65 years of age pay 20 per cent of hospital costs.

86. The Department of Social Services, which was renamed the Department of Child and Family Services on 1 April 1994, will be responsible for all child and family services, whether provided or simply funded by the Government. The Department will carry out its functions through four main programmes, closely linked to the Child Development Project, which is sponsored jointly by the Minister of Health, Social Services and Housing and the Minister of Education. 48/

87. In the budget statement, the Minister of Finance stated that Government-projected expenditures for health services during fiscal year 1994/95 would amount to B$ 44.3 million, or 12.4 per cent of the total projected expenditure. The total grant to the Bermuda Hospitals Board would be increased by approximately B$ 3 million, or 7.4 per cent more than in 1993/94.

VI. EDUCATIONAL CONDITIONS

88. Education is free and compulsory for all children between 5 and 16 years of age. The literacy rate in the Territory is 98 per cent. The teacher-to-pupil ratio for government schools is 1 to 20 in primary schools and 1 to 12 in secondary schools.

89. In the Throne Speech, the Governor declared that the education system should improve significantly following the implementation of the new education plan. Accordingly, the curriculum was being developed to help students take advantage of increased opportunities in tourism and international business. The Bermuda College would pursue the provision of a wider variety of recognized degree and diploma courses and would facilitate access to the college by improving its links with all schools in Bermuda. He added that the Government was committed to increasing the number of Bermudians who could benefit from higher education. A National Education Foundation would be established with an initial grant of B$ 2 million, designed to provide additional financial guarantees and advice to qualified students seeking to further their education.

90. The curriculum to be used in the new educational system is being prepared under the supervision of an American educator engaged by the Government to help complete the implementation of the school reform by 1999. A total of 12 committees, each dealing with a separate subject, are expected to complete the first phase of the project by June 1994. The second phase will consist of contributions to the curriculum by representatives from the business community, the Ministry of Education and parents and students from the Bermuda College. During the final step, the education committees which are composed of teachers, will finalize the curriculum for each of the 12 subjects to be taught in the five middle schools by 1996/97. 50/

91. The Minister for Education stated that the Government planned to restructure the entire education system 51/ over a period of five years, at a cost of B$ 114 million. 27/ The restructuring will reportedly be the largest project ever undertaken by the Government and will include dispensing with most public secondary schools, creating five middle schools and two senior secondary schools as well as integrating special students into regular schools. 52/ The Minister of Finance said that estimated expenditure on education for 1994/95 will be the largest in the budget, amounting to B$ 46.3 million, or 12.9 per cent of total expenditures.

92. The International Companies Division of the Bermuda Chamber of Commerce received contributions from 54 international companies based in Bermuda towards a scholarship programme designed to send young students to study abroad. Each recipient will be granted a sum of B$ 5,000 per year. 53/

Notes

1/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General on 21 May 1993 by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations.

2/ Bermuda Digest of Statistics, 1992.

3/ The Royal Gazette (Hamilton), 9 June 1993.

4/ Caribbean Insight, October 1993.

5/ The Royal Gazette (Hamilton), 6 October 1993.

6/ Ibid., 26 November 1993.

7/ Ibid., 6 December 1993.

8/ Ibid., 21 December 1993.

9/ Ibid., 31 December 1993.

10/ Ibid., 5 January 1994.

11/ Bermuda Sun, 7 January 1994.

12/ The Royal Gazette (Hamilton), 3 March 1994.

13/ Ibid., 21 February 1994.

14/ Bermuda Sun, 25 February 1994.

15/ The Royal Gazette (Hamilton), 17 March 1994.

16/ Reuters, 10 March 1994.

17/ Statement of the Secretary of State for Foreign and Commonwealth Affairs, dated 24 November 1993, provided by the Permanent Mission of the United Kingdom to the United Nations.

18/ The Royal Gazette (Hamilton), 28 February 1994.

19/ Ibid., 31 May 1993.

20/ See A/AC.109/1191 on military activities.

21/ The Royal Gazette (Hamilton), 17 December 1993.

22/ Ibid., 2 December 1993.

23/ Ibid., 25 February 1994.

24/ Ibid., 4 March 1994.

25/ Financial Times (London), 19 October 1993.

26/ The Royal Gazette (Hamilton), 6 November 1993.

27/ Ibid., 15 February 1994.

28/ One Bermuda dollar (B$ 1.00) is equivalent to one United States dollar (US$ 1.00).

29/ The Royal Gazette (Hamilton), 10 July 1993.

30/ Ibid., 25 August 1993.

31/ Bermuda Sun, 30 April 1993.

32/ The Royal Gazette (Hamilton), 1 September 1993.

33/ Ibid., 25 September 1993.

34/ Ibid., 10 February 1994.

35/ Ibid., 7 November 1992.

36/ Ibid., 5 February 1994.

37/ Ibid., 2 August 1993.

38/ Ibid., 7 February 1994.

39/ Ibid., 11 January 1994.

40/ Bermuda Sun, 8 April 1993.

41/ The Royal Gazette (Hamilton), 4 and 5 February 1994.

42/ The New York Times, 8 February 1994.

43/ The Royal Gazette (Hamilton), 9 February 1994.

44/ Bermuda Sun, 15 October 1993.

45/ The Royal Gazette (Hamilton), 16 October 1993.

46/ Ibid., 20 March and 29 April 1992.

47/ Ibid., 17 December 1992.

48/ Ibid., 5 March 1994.

49/ Ibid., 1 March 1994.

50/ Bermuda Sun, 4 February 1994.

51/ Ibid., 19 February 1993.

52/ The Royal Gazette (Hamilton), 9 November 1992.

53/ Ibid., 24 July 1993.

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WITH REGARD TO THE IMPLEMENTATION
OF THE DECLARATION ON THE GRANTING
OF INDEPENDENCE TO COLONIAL
COUNTRIES AND PEOPLES

CAYMAN ISLANDS

Working paper prepared by the Secretariat

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I. GENERAL 1/

1. The Territory of the Cayman Islands consists of three islands: Grand Cayman, Cayman Brac and Little Cayman. The latter two islands are also known as the Lesser Caymans. The Territory has a total area of approximately 260 square kilometres, divided as follows: Grand Cayman, about 195 square kilometres; Cayman Brac, 39 square kilometres; and Little Cayman, 26 square kilometres. George Town, the capital of the Territory, is located on Grand Cayman.

2. According to the results of the latest census of population and housing conducted in October 1989, the resident population of the Cayman Islands was 25,355, compared with 16,677 in 1979 when the previous census was taken. According to press reports, as of the end of 1992; the population of the Cayman Islands was 29,700. Sixty-three per cent of the population were Caymanians, including the Caymanian status holders. 2/

II. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution and constitutional developments

3. An outline of the constitutional arrangements set out in the Cayman Islands (Constitution) Order, 1972, appears in the report of the Special Committee to the General Assembly at its twenty-eighth session. 3/

4. It will be recalled that in January 1991, a constitutional review was carried out in the Cayman Islands at the request of the territorial Government. The following month, the Constitutional Commissioners; who had been appointed by the administering Power, submitted their report to the Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom of Great Britain and Northern Ireland. In May 1991, the Secretary of State presented that report to the United Kingdom Parliament. On 3 November 1991, the Legislative Assembly of the Cayman Islands voted to accept the recommendations contained in the report of the Constitutional Commissioners (see also A/AC.109/1097, paras. 10-23).

5. In November 1992, however, upon assuming power, the National Team of the Cayman Islands decided to discard the constitutional proposals contained in the report of the Constitutional Commissioners and to propose amendments to the 1972 Constitution in accordance with the National Team's electoral manifesto. 4/ The National Team is a political group which was created during the 1992 electoral campaign. It won 12 of the 15 seats in the Legislative Assembly in the general elections of 18 November 1992 (see also paras. 22-24).

6. On 23 September 1993, the territorial Legislative Assembly unanimously approved motions 4/93 and 5/93 containing 28 amendments to the Constitution. The amendments are summarized below. 5/

Governor

7. The Governor should not be considered a member of the Legislative Assembly, as proposed in the report of the Constitutional Commissioners. The Governor would not preside over the Legislative Assembly nor would he have the powers to establish committees of the Legislative Assembly. In the case of an emergency, the Governor would have the right to recall the Assembly after it had been dissolved before the general elections.

Executive Council

8. The Executive Council should consist of three official members (the Chief Secretary, the Attorney General and the Financial Secretary) appointed by the Governor and of 15 members elected from the Legislative Assembly. The official members are to act ex officio in the above-mentioned capacities. Removal of elected members from the Executive Council should require a simple majority vote in the Legislative Assembly. Assignment of the responsibilities to the elected members of the Executive Council should be vested in the Governor, who can charge the elected members with responsibility for any business of the Government or any department of Government, excluding such matters as defence, external affairs, national security and police. Elected members are not to be appointed to administer any department of the Government.

Finance Committee

9. The Legislative Assembly should establish a finance committee composed of all elected members of the Assembly and the Financial Secretary, who would act ex officio as chairman of that committee but would not vote unless votes in the committee were equally divided, in which case the Financial Secretary would cast a vote. The functions of the Finance Committee are to be specifically defined in the Constitution.

Speaker

10. The Speaker is to be confirmed as part of the Legislative Assembly if he or she is not an elected member. The Speaker would have the right to cast a vote. The election of the Speaker and the Deputy Speaker should be conducted at the first sitting of the Legislative Assembly following the general elections. The Speaker and the Deputy Speaker should vacate their posts if there is a two-thirds majority in a vote of no confidence.

Attorney General

11. The powers of the Attorney General, which had been set out previously in a law, should be stipulated in the Constitution. The Attorney General should have powers to institute and undertake criminal proceedings, to take over and continue, as well as to discontinue, those proceedings. The Attorney General should not be subject to direction or control of any other person or authority.

Auditor General

12. The post of Auditor General should be established by the Constitution. The Constitution should also guarantee the Auditor General's freedom from any direction or control of any other person or authority.

Ombudsman

13. Provisions for the establishment of the post of Ombudsman or complaint commissioner should be included in the Constitution. The Constitution should also stipulate the Ombudsman's functions, jurisdiction and powers. The Ombudsman should not be subject to direction or control by any other person or authority.

Judiciary

14. All provisions for the Grand Court and subordinate courts which are currently in law should be included in the Constitution.

Referendum

15. The Constitution should include provisions for holding territorial referendums on matters of territorial importance. All Caymanians qualified to vote in elections would have the right to vote in a referendum. A referendum can be held on a question declared by a resolution of the Legislative Assembly adopted by a simple majority vote.

Register of interests

16. A register of interests should be established for all members of the Legislative Assembly and holders of other government offices. Persons to whom that provision would apply should declare all their interests, assets, income and liabilities. The register of interests would be open to the public.

Civil service

17. The Constitution should provide for payment of civil service pensions as a right, thus ensuring that any later legislation pertaining thereto could not adversely affect the basis for pensionable remuneration.

Bill of Rights

18. The Constitution should contain a bill of rights which would stipulate the fundamental rights and duties of the individual. It should also ensure that the European Convention on Human Rights and the International Covenant on Human Rights, of which the United Kingdom is a signatory, are applied to the Cayman Islands. The clause on protection of freedom of conscience, however, would not be applied to the Territory since, in the view of the Legislative Assembly, it could subject the Cayman Islands to the infiltration of various religious cults.

19. The amendments to the Constitution were adopted by the Legislative Assembly in November 1993 and were transmitted to the administering Power with the

request that the proposed amendments to the Cayman Islands Constitution be brought into effect "as soon as reasonably possible". 6/

20. According to press reports, the United Kingdom Government raised concerns about the decision of the territorial Legislative Assembly to exclude the concept of freedom of conscience from the Bill of Rights. The Government of the Cayman Islands suggested, however, that the section dealing with the principle of freedom of conscience be referred to a select committee of the Legislative Assembly for consideration. The territorial Government also pointed out that there was "some public concern that all provisions of the Bill of Rights were very complex and needed more in-depth study". 6/

21. On 16 December 1993, the United Kingdom Privy Council approved the amendments to the 1972 Constitution as proposed by the Government of the Cayman Islands. It subsequently submitted its recommendation to the House of Commons which, on 31 December 1993, approved the constitutional amendments as recommended by the Privy Council. On 1 February 1994, the Constitution Amendment Order was brought into force in the Cayman Islands by proclamation of the Governor of the Territory. 7/

B. Political parties and elections

22. There are no officially recognized political parties in the Cayman Islands. General elections for the elected seats in the Legislative Assembly are held every four years.

23. In the last general elections of 18 November 1992, 12 of the 15 seats in the Assembly were won by a group of candidates known as the National Team, which opposed the proposals of the Constitutional Commissioners as well as excessive government expenditure. 8/ The three other seats were won by independent candidates. 9/

24. The National Team was especially critical of the constitutional clause advocating the designation of a Chief Minister with overall responsibility for government, as opposed to the Executive Council which places collective responsibility on all its members. 8/

C. Future status of the Territory

Position of the territorial Government

25. It will be recalled that during the constitutional review, Caymanians expressed the sentiment that existing relations with the administering Power should be maintained and that the current status of the Territory should not be altered (A/AC.109/1097, para. 22).

26. On 15 April 1993, Messrs Thomas Jefferson, McKeeva Bush and John McLean, members of the Executive Council of the Cayman Islands, represented the National Team at a meeting with representatives of the administering Power at United Nations Headquarters and with the Vice-Chairmen of the United Nations Special

Committee on decolonization. At the meeting, the Caymanian delegation reiterated the expressed wish of Caymanians to maintain the current status of the Territory and to remain a British colony.

27. According to press reports, Mr. Thomas Jefferson, leader of the National Team and member of the Executive Council of the Cayman Islands, represented the Territory at a conference on British dependent Territories entitled "Progress through partnership", which was held in London in November 1993. In his statement at the Conference, Mr. Jefferson said: "The Cayman Islands are not moving towards independence. Any dramatic constitutional change must be a direct request from the people. We do not have this. I can cite no success stories of dependent Territories which have recently achieved national independence, which would make such a concept attractive. By 'success stories', I mean resulting economic development and prosperity which have ensured a good quality of life for the people of those countries." 10/

Position of the administering Power

28. Her Majesty Queen Elizabeth II of the United Kingdom of Great Britain and Northern Ireland visited the Cayman Islands from 26 to 28 February 1994 and delivered a speech from the Throne at the territorial Legislative Assembly on 26 February. 11/

29. The Queen announced that the United Kingdom Parliament had approved an amended Constitution of the Cayman Islands which took account of the developments in the Territory. She stated that the financial sector remained the key to the Territory's successful future. She said that her Government was "determined to maintain a financial services industry of high quality and integrity through strict adherence to prudent policies, augmented by the introduction of the new Mutual Funds legislation". She announced the launching of a major promotional programme by the public and private sectors aimed at increasing awareness overseas of the high quality of financial services and international companies and shipping legislation offered by the Cayman Islands.

30. Queen Elizabeth II pointed out that the tourism sector "provided much needed stimulation of the economy" and stated that her Government would put more emphasis on the promotion of the Cayman Islands on the European market. She said that her Government would strive to maintain the share of Cayman Airways in the air-traffic market.

31. The Queen stated that her Government would lay particular emphasis on the need to protect the natural environment and wildlife of the Cayman Islands and that it would place high priority on the promotion of public health in the Territory, where a health insurance scheme will be established by the end of 1994. She emphasized the importance of her Government's programmes for enhancement of the family unit within the framework of the International Year of the Family, particularly those addressing the needs of children and youth. The Queen praised the Cayman Islands police and reiterated the commitment of her Government to solving the problem of crime in the Territory. She also indicated that her Government would assist in carrying out a number of capital projects on Little Cayman and Cayman Brac with a view to encouraging their self-sufficiency and decreasing their reliance on Grand Cayman for economic assistance.

32. On 24 November 1993, in a keynote address to a conference on dependent Territories entitled "Progress through partnership", Mr. Douglas Hurd, Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom, outlined the policy of the Government of the United Kingdom with regard to its dependent Territories. A summary of his speech is contained in document A/AC.109/1180, paragraphs 30 to 36.

33. In evaluating the progress made in the Caribbean Dependent Territories, Mr. Hurd observed, inter alia, that the Cayman Islands had made particularly good progress in the last 30 years. He indicated that the national income of the Territory calculated per capita equalled US $28,500. The economy of the Cayman Islands boasted the fifth largest banking business in the world, handling assets of over US$ 427 billion. The tourist industry of the Territory brought in an income amounting to $220 million per year.

34. During the period under review, representatives of administering Powers made statements regarding the policy of their Government towards dependent Territories. Addressing the London-based British Caribbean Association in June 1993, Baroness Chalker of Wallasey, United Kingdom Minister for Overseas Development Administration, explained that the 1986 review of policy towards the Caribbean dependent Territories had concluded that Her Majesty's Government would neither encourage nor discourage moves to independence, but if the latter was the clearly and constitutionally expressed wish of the people, the United Kingdom would be ready to respond positively. 12/

35. In a statement before the Special Political and Decolonization Committee (Fourth Committee) of the General Assembly, on 14 October 1993, the representative of the United Kingdom stated that his Government regarded the wishes of the people living in the dependent Territories as being of primary importance. His Government continued to take most seriously its obligations under the Charter of the United Nations to promote self-government in the dependent Territories of the United Kingdom and, in cooperation with the locally elected Governments, to ensure that their constitutional frameworks continued to meet the wishes of their peoples. Each of the dependent Territories held regular and free elections. The United Kingdom also took its obligations seriously in responding to the economic needs of its dependent Territories. 13/

Action of the General Assembly

36. On 10 December 1993, the General Assembly adopted resolution 48/51, a consolidated resolution on 10 Territories, including the Cayman Islands.

37. In part B, section V, of the resolution, the General Assembly took note of the change of government in the Territory as a result of the elections of November 1992 and noted that, according to election officials, more than 90 per cent of the Territory's registered voters had participated in the election. The Assembly urged the administering Power, in consultation with the territorial Government, to continue to facilitate the expansion of the current programme of securing employment for the local population, in particular at the decision-making level; requested the administering Power to assist the new territorial Government in acquiring all required expertise to enable it to achieve its economic aims; called upon the administering Power, in consultation

with the territorial Government, to continue to promote the agricultural development of the Cayman Islands. It requested the specialized agencies and other organizations of the United Nations system to continue and increase their programmes of assistance to the Territory with a view to strengthening, developing and diversifying its economy. The Assembly also called upon the administering Power to continue to take all necessary measures, in cooperation with the territorial Government, to counter problems related to money laundering, funds smuggling and other related crimes, as well as drug trafficking. The General Assembly noted the importance of sending United Nations visiting missions to the Non-Self-Governing Territories, and the fact that a period of 16 years had elapsed since the last Visiting Mission was dispatched to the Territory.

D. External relations

38. The Government of the Cayman Islands cooperates directly with other Governments in the Caribbean and participates in regional conferences and projects for the Caribbean region established by Governments, international organizations and agencies. The Territory is a member of the Caribbean Development Bank (CDB).

39. The Cayman Islands, together with 18 other countries of the region, is a member of a Caribbean customs agreement entitled The Memorandum of Understanding regarding Mutual Assistance and Cooperation for the Prevention and Repression of Customs Offences in the Caribbean Zone, aimed at preventing drug trafficking, smuggling of funds, money laundering, false invoicing and other crimes.

40. The Cayman Islands is a member of the Caribbean Organization of Supreme Audit Institutions (CAROSAI), which provides assistance in streamlining auditing standards and computer audits. In July 1991, the Cayman Islands Auditor General was elected a member of the Executive Board and appointed Chairman-elect of CAROSAI for the period 1994-1997. The Territory has been selected as the venue for the third CAROSAI Congress to be held in 1994.

E. Public service

41. During the period under review, civil service salaries and benefits amounted to 54 per cent of the recurrent and statutory budget expenditure. 14/ As of 12 March 1993, the total number of civil servants was 1,594, of whom 1,047 were Caymanians and 547 non-Caymanians. The latter included 181 from the United Kingdom; 178 from Jamaica; 45 from the United States of America; 30 from Barbados; 29 from Trinidad and Tobago; 25 from Canada; 17 from Belize; 9 from Guyana; 8 from Nicaragua; 4 from Saint Lucia; 2 each from Cuba, Grenada, Honduras, India, Ireland and Saint Vincent and the Grenadines, as well as 1 each from Australia, the Bahamas, Colombia, the Philippines, Ghana, Norway, Pakistan, Panama and Sri Lanka. 15/ Of the existing 37 civil service departments, 25 were headed by Caymanians and 12 by foreign nationals. 16/ In September 1993, the territorial Government announced 17/ that by September 1994 the number of established posts in the civil service would be cut by 7.5 per cent, resulting in annual savings of approximately CI$ 2.0 million to CI$ 2.3 million. 18/

The Government also embarked on a programme of amalgamation of government departments involving the consolidation of the existing 37 departments into 14. 19/

42. As of 31 December 1992, the Public Service Pension Fund stood at CI$ 6,244,560. The Fund's assets are invested in term deposits with local territorial banks at an annual interest rate of 4.875 per cent. 20/

III. ECONOMIC CONDITIONS

A. General

43. The major economic sectors of the Cayman Islands are the financial industry, tourism, construction, the real estate business and local industry. Tourism and international finance contribute significantly to the development of the Territory by providing substantial amounts of capital and foreign exchange.

44. Since the mid-1960s, the development of agriculture has lagged behind the rapidly growing sectors of tourism, international finance and construction; consequently, there is a substantial dependence on food imports. There is a small manufacturing sector, which the Government, in its efforts to diversify the economy, has tried to expand in recent years.

45. According to the CDB, economic activity in the Cayman Islands in 1992 grew by approximately 4 per cent, compared with 1.4 per cent in 1991. Much of that increase was attributable to good performance in the financial and construction sectors of the economy. The contribution of the tourism sector, however, was moderate. 21/

46. According to press reports, during the period under review, the annual rate of inflation continued to fall. In 1993, the average consumer price index increased by 2.5 per cent, the lowest annual growth rate since 1985. 22/

B. Public finance

47. On 25 November 1993, on the recommendation of its Finance Committee, the Legislative Assembly approved the territorial budget for 1994 totalling CI$ 156.6 million. The expenditure would include CI$ 124.1 million in recurrent expenditure, CI$ 12.4 million in statutory expenditure and CI$ 20.1 million in capital expenditure. The revenue would include CI$ 149.0 million in recurrent revenue and CI$ 9.1 million in Government loans. 23/

48. In his budget address to the Legislative Assembly on 5 November 1993, the Financial Secretary, Mr. George McCarthy, stated that the Government should manage its finances carefully in order to meet the future development challenges of the growing economy of the Territory. He further said that "the Government has taken a medium- to long-term approach to economic planning and it is committed to balancing its budget while attempting to provide incentives for economic growth through stimulating private business."

49. The Financial Secretary pointed out that the Government's efforts to curtail expenditure in 1993 had been effective. He indicated that Government spending in 1993 had increased by 5.7 per cent, compared with 11 per cent in 1992. He also stated that the revenue collection in 1993 had grown by 7.8 per cent, compared with 6.9 per cent in 1992. As of the end of 1993, public debt, excluding contingent liabilities, stood at CI$ 53 million. 24/

50. The Financial Secretary stressed that careful planning should be the foundation for future economic decisions of the territorial Government. He indicated that the Government had completed a draft medium-term development plan for 1994-1996 which included the following fiscal policy measures: emphasis on the public-sector investment programmes and non-revenue generating projects; introduction of additional revenue enhancement measures; improvement of revenue collection methods; and further reductions in government spending. 24/

C. Land tenure, agriculture, livestock and fisheries

51. As a result of a cadastral survey, commenced in 1971, all land in the Cayman Islands is registered under a modified system, known as the Torrence system, the basic principle of which is that the land itself, rather than title deeds, is registered. This ensures that land dealings can take place efficiently and simply, although land certificates are often loosely described as "title deeds" to property. A stamp duty of 7.5 per cent is levied on the sale and exchange of land or other real estate. The Land Registry is responsible for the registration of all land transactions, the collection of duty stamps on land transfers, mortgages and other legal documents and the maintenance of all land records and registry maps.

52. The Department of Agriculture is responsible for the regulation and development of the agricultural sector. It provides services in agronomy, veterinary medicine and surgery and sells supplies and equipment to users. The Government allows the duty-free import of equipment and other items for agricultural use only.

53. The Farmers' Market operations, run by the Cayman Islands Cooperative Society Ltd., are subsidized by the Government. The subsidy covers staff salaries as well as the majority of operating expenses. Improved accounting and payment procedures are encouraging more farmers to channel their produce through the Farmers' Market. Overall, the quality of produce is high and the prices are competitive with those of imported produce.

D. Tourism

54. Tourism continues to be a dominant sector of the economy and a major source of foreign exchange of the Territory. According to press reports, in 1993, non-resident stay-over arrivals totalled a record 287,277, a 18.8 per cent increase over 1992. Of that number, non-resident stay-over air arrivals totalled 253,258. The leading market for tourist arrivals in 1993 continued to be the United States (81 per cent). Other tourists originated from Canada, the United Kingdom, continental Europe and Japan. Cruise-ship one-day tourist

arrivals in 1993 totalled 605,715, a 1.3 per cent decline from the previous year.

55. Tourist spending in the Cayman Islands in 1993 was as follows: air arrival stay-over tourists, approximately US$ 350 million (an increase of $55 million over 1992); cruise passengers, approximately US$ 40 million. 25/

E. Financial sector

56. The banking and trust industry has expanded considerably since its inception in the Territory in the early 1960s and has transformed the Cayman Islands into one of the world's leading offshore financial centres.

57. In his address to the Fourth Biennial Cayman Islands Bankers Association Conference on 17 November 1993, Governor Michael Gore stated that, as of November 1993, there were 530 banks and trust companies, 370 captive companies and approximately 30,000 offshore companies registered in the Territory. He pointed out that the Cayman Islands was the second largest captive domicile in the world and the leading domicile for medical malpractice risk insurance. 26/

58. Governor Gore emphasized that the territorial Government was committed to safeguarding the integrity of the Cayman Islands as a premier world financial centre through strict adherence to the international regulatory standards as stipulated in the Basel Accord and the Vienna Convention for International Finance, and to the spirit and letter of the Mutual Funds Law of the Cayman Islands and of the Mutual Legal Assistance Treaty between the United States, the United Kingdom and the Cayman Islands. 26/

59. In order to provide improved and more effective supervision of the financial sector, the territorial Government consolidated the portfolios of the former Insurance Supervision Department and the Banking Supervision Department into the Financial Services Supervision Department, effective 30 June 1993. The new department is responsible for the regulation of the entire financial services sector. This includes the supervision of insurance, banking and trust companies, mutual funds, as well as company management operations. Mrs. Jenifer Dilbert, former inspector of banks and trust companies, was appointed head of the Financial Services Supervision Department and Inspector of Financial Services. 27/

60. According to press reports, in November 1993, the Finance Committee of the territorial Legislative Assembly authorized the Financial Services Supervision Department to spend CI$ 500,000 on overseas promotion programmes for the Caymanian offshore financial sector. 28/

61. In 1993, the Cayman Islands hosted a regional conference on offshore accounting for Latin America and the Caribbean. The conference addressed strategic issues facing the offshore financial business in the 1990s. 29/

F. Transport and communications

62. Transport, communications and other basic facilities continued to be of paramount importance to the economy of the Territory in terms of uniting the three islands and servicing the tourist industry and other activities of the business community.

Air

63. On 20 August 1991, Air Cayman Ltd., a new airline company owned by the Government, was registered in the Cayman Islands as an ordinary resident company. Air Cayman Ltd. has three leased planes in operation, two Boeing 737-200 aircraft and one Boeing 737-300.

64. During the period under review, Cayman Airways Ltd. (CAL) continued to experience considerable financial difficulties. As of 31 December 1992, its assets stood at US$ 19 million while its liabilities totalled US$ 38 million. To improve the standing of CAL, the territorial Government announced in June 1993 the following measures: appointment of a new managing director; restructuring of CAL staff at all levels; reduction of fleet size by two aircraft; closure of the New York/Baltimore and the Turks and Caicos routes; reduction in the number of flights; termination of the contracts of all non-Caymanian pilots and flight attendants; introduction of early-retirement packages for CAL employees; and reduction of rented office space. 27/

65. According to press reports, 30/ on 10 November 1993, USAir, one of the five largest United States airlines, inaugurated its first flight to the Cayman Islands. USAir flights to the Territory originate from Pittsburgh seven days a week. Other airlines serving the Cayman Islands from the United States are United Airlines, American Airlines, Northwest Airlines and CAL. Other foreign airlines operating in the Cayman Islands are Trans-Jamaica Airlines (TJA) and the National Airline of Honduras. Press reports indicate that in March 1994 an application by Caledonian Airways of the United Kingdom to fly a weekly direct DC-10 charter flight from London to Grand Cayman was approved. The service will commence in December 1994. 31/

66. According to press reports, in October 1993, Trans-Jamaica Airlines, the only domestic air carrier in Jamaica, applied to the United Kingdom Department of Transportation for authorization to operate jointly with CAL a Jamaica-Grand Cayman-Belize-Cancún (Mexico) and return route twice a week. Necessary authorizations for the inauguration of the route had been received by TJA from the Governments of Belize and Mexico. 32/

Sea

67. All ports in the Territory come under the control of the Port Authority, a corporate body set up in 1976 and operating without governmental subsidy. The territorial Government guarantees CDB loans, but it is the Port Authority that repays the loans. In addition to managing all ports in the Islands, the Authority has other functions, including the establishment of markers and lighthouses, the control of berths, the establishment and control of transit

sheds, the loading and unloading of vessels and the supervision of territorial waters.

68. The Territory is not served by any scheduled passenger lines but a number of locally owned or locally registered vessels provide cargo service between the Cayman Islands and Miami and Tampa, Florida, the United States; as well as the Cayman Islands and Kingston, Jamaica, and Costa Rica.

69. In October 1992, the Registration of Merchant Ships Law, 1991, came into force in the Territory. Under the new law, owners of foreign-flag ships can apply for registration in the Territory and, once registered, can fly the Caymanian flag. The law applies to ships of 1,600 metric tons and over. According to press reports, 33/ during 1993, there was a 25 per cent net increase in the gross tonnage of ships in the Cayman Islands register.

Roads

70. The road infrastructure comprises 80 kilometres of roads connecting all districts on Grand Cayman, 34 kilometres of usable roads on Cayman Brac and a road on Little Cayman; roads on Grand Cayman and Little Cayman are fit for motor travel. In September 1992, in a report to the Legislative Assembly, the Public Accounts Committee (PAC) expressed concern about the maintenance of government roads and buildings.

71. PAC said that the budget provisions for road maintenance were inadequate to maintain roadways at a proper level of serviceability. It noted that maintenance costs of up to CI$ 2 million would be required over the next 5 to 10 years to prevent the roads from deteriorating.

72. In conformity with the observations of PAC, in March 1993, the Public Works Department began a road and traffic survey of the Territory in order to determine the status of the roads and traffic dynamics. 34/

Telecommunications

73. According to press reports, a high-technology United States radar station was officially inaugurated in the Territory on 21 January 1994. The radar station will operate as a part of the Caribbean Basin Radar Network (CBRN). CBRN was established by the United States in cooperation with Caribbean, Latin American and Central American countries as "a cooperative effort to dramatically improve aerial drug surveillance and related law enforcement coordination, as well as civil air coordination, air traffic control and search and rescue in the region". 35/ The cost of construction of the radar station was US$ 16 million and is estimated to add approximately US$ 350,000 annually to the territorial recurrent expenditure.

74. In March 1993, the territorial Government formulated an official policy for Radio Cayman aimed at making local programmes prevail on the air. Additional resources would be allocated for local and overseas staff training programmes. 36/

75. In 1993, the territorial Government issued television franchises to four companies for public broadcasting. The licencees are to pay the Government a fee of CI$ 1,000 for each assigned channel, together with 7.5 per cent of their gross revenue. The licencees have a legal obligation to provide at least one free television channel to residents of Grand Cayman, Cayman Brac and Little Cayman. 37/

G. Assistance from the United Nations system of organizations

76. Within the United Nations system, the United Nations Development Programme (UNDP) continues to be the main source of technical assistance to the Territory. In response to the need for skills to support an expanding service-oriented economy, the second country programme (1987-1991) focused on human resources development. Fellowships and in-service training accounted for some 83 per cent of programme resources. Eight out of 13 implemented projects were agency-executed, involving the Department for Development Support and Management Services of the United Nations Secretariat, the United Nations Centre for Human Settlements (Habitat), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the International Civil Aviation Organization (ICAO) in the following: administration of fellowships; provision of technical advice; and procurement of equipment for civil aviation, broadcasting and the water sector. In the third country programme (1992-1996), UNDP will assist the Government in the areas of fiscal administration, education, agriculture, social services, manpower planning and human resources development, as well as economic planning and management.

IV. SOCIAL CONDITIONS

A. Labour

77. The labour force in the Territory is made up of both Caymanians and expatriates. Foreign workers must acquire work permits from the Immigration Department in order to work in the Territory. As of 30 June 1993, the labour force of the Cayman Islands numbered 17,165, of whom 10,635 were Caymanians and 6,530 were non-Caymanians. The breakdown of the labour force according to labour category and nationality of the workers, i.e., Caymanians vs. non-Caymanians, respectively, was as follows: managers, 1,090 Caymanians and 550 non-Caymanians; professionals, 595 and 765; technicians and associated professionals, 1,810 and 985; office clerks, 1,280 and 240; customer service clerks, 840 and 230; personal service workers, 1,200 and 960; salespersons, 495 and 200; skilled agricultural and fishery workers, 195 and 0; craft and trade workers, 1,515 and 1,080; plant and machine operators and assemblers, 465 and 155; elementary sales, services and labourers, 1,105 and 1,150; other, 45 and 215. 38/

78. As of February 1993, there were 11,059 gainful occupational licences in effect. The foreign labour force is made up of nationals of Jamaica, Honduras, the United States, Canada and the United Kingdom. 39/ According to press reports, 40/ on 12 January 1994, the territorial Government introduced new

annual work permit fees which increased by 66 per cent, compared with 1993. As in previous regulations, the work permit fees do not apply to the following occupational licencees: ministers of religion, teachers, nurses, as well as persons working for non-profit, cultural, educational or charitable organizations.

79. As of February 1994, 105 persons in the Cayman Islands were unemployed, compared with 285 in 1993. 41/

B. Public health

80. Health care in the Cayman Islands is provided by the Health Services Department, which is responsible for all government health care, including public health services and services by private practitioners. The Health Practitioners Board is charged with overseeing the standard of health care provided in the Cayman Islands. There are two divisions of public health services: one encompasses community health service, primary care through the district health centres and functions specified in the health laws, programmes which are supervised by the Medical Officer of Health; the other division covers the environmental health concerns of the Territory.

81. The Government operates the 52-bed (including 7 nursery beds) Cayman Islands Hospital and an 8-bed extended-care unit at the Pines Retirement Home on Grand Cayman, and the 10-bed Faith Hospital on Cayman Brac. In addition, primary care is provided through four district health centres on Grand Cayman. There is sustained utilization of district health centres. A new hospital is being built at George Town.

82. On 21 June 1993, the Cayman Islands Legislative Assembly unanimously adopted a bill on health fees in the Territory. The bill stipulates that Caymanian schoolchildren, public officers, government pensioners, retired members of the Legislative Assembly and patients who are being treated for acquired immunodeficiency disease (AIDS) and tuberculosis would enjoy free medical care. 42/

83. Following an outbreak of chicken pox in the Territory in 1993, the Health Services Department concluded that the chicken pox viral disease in the Cayman Islands was an epidemic. The reported number of chicken pox cases in 1993 was approximately 400. 43/

84. In 1992, 15 persons in the Cayman Islands had AIDS. Eleven deaths resulted from that disease. 44/

85. In October 1993, the Department of the Environment reported that it had discovered a re-infestation of the Aëdes aegypti mosquito in the Territory. Such a species can spread yellow fever and dengue haemorrhagic fever, which are potentially fatal. The Department, in cooperation with the Mosquito Research and Control Unit, initiated a programme aimed at combating that infestation. 32/

C. Crime and crime prevention

86. According to press reports, during 1993, there were 3,298 criminal offences reported in the Territory, 75 per cent of which were cleared up. The Caymanian police seized 1,964 kilograms of ganja and 24 kilograms of cocaine. Those amounts were estimated by the territorial Police Commissioner to represent about 10 per cent of the total amount of drugs transhipped through the Cayman Islands from Latin and Central America to the United States and Canada. 45/

87. On 10 November 1993, the Governments of the United Kingdom and the United States signed a memorandum of understanding establishing a joint United Kingdom/United States team of law enforcement officers to investigate cases of fraud and financial crime affecting the United States, the United Kingdom and their dependent Caribbean Territories. 46/

88. On 2 December 1993, the territorial Legislative Assembly passed a motion calling for the reintroduction of capital punishment for murder, which had been abolished in the Cayman Islands by an Order in Council from the administering Power in 1991. The members of the Legislative Assembly stressed that reintroduction of capital punishment in the Territory would send a clear message to criminal elements that the Government was determined to take serious action against crime in the Territory. 47/

V. EDUCATIONAL CONDITIONS

89. Education is free and compulsory for Caymanian children between the ages of 4 years, 9 months, and 16 years. There are nine government and six church-sponsored primary schools. There are two government high schools, a new middle school and two private secondary schools. As of March 1993, there were 294 school teachers and 14 assistant teachers in the Territory, of whom 104 were Caymanians. 16/

90. On 16 November 1993, the territorial Government announced its plans to develop a new school curriculum and designated the Department of Education as the focal point for that exercise. The Government also decided to support private schools in their attempts to provide high-quality secondary education instead of allocating additional funds for the construction of another public secondary school. 48/

91. The Community College of the Cayman Islands is a government-financed, post-secondary and adult education facility, whose board is composed of government and public representatives. The College caters to over 1,000 students. It has a full-time staff of 12 and a part-time staff of 25. The work of the College is organized in three departments: business studies, hotel studies and technology. 49/ A new programme leading to a certificate in professional cooking was scheduled to begin in September 1993. 50/

92. The International College of the Cayman Islands, a private independent institution of higher education, with one campus at Newlands, Grand Cayman, another at Miami, Florida, United States, is accredited as a senior college by the Accrediting Commission of the Association of Independent Colleges and

Schools, Washington, D.C. The institution offers a Master of Science degree in management, Bachelor of Science and Associate of Science degrees and one certificate.

93. The Cayman Islands Law School offers Caymanians an opportunity to qualify locally in a profession that plays an important role in the modern development of the islands. The attorney-at-law course, which forms the main part of the law school's curriculum, is of five years' duration, with examinations at the end of each year. In addition, an opportunity to study law is offered through a wide variety of courses, including a two-year diploma course in legal studies intended to enhance career and promotional opportunities for Caymanians.

94. According to press reports, in April 1993, the Cayman Islands became the fourteenth country to join the West Indies Distance Teaching Enterprise, which allows students to take part in tutorials and lectures via leased telephone lines. 51/

95. In June 1993, the territorial Government adopted new drug policy guidelines for schools. The policy applies to all teachers and students of government educational institutions while on school premises, campuses or school buses and provides for disciplinary action, treatment or counselling for students and/or teachers possessing, selling, distributing or using drugs. 52/

Notes

1/ The information contained in the present paper has been derived from published reports.

2/ The Caymanian Compass, 1 November 1993.

3/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIV, annex, sect. B, paras. 5-13.

4/ The Caymanian Compass, 11 February 1993.

5/ Ibid., 24 September 1993.

6/ Ibid., 22 November 1993.

7/ Ibid., 3 February 1994.

8/ Ibid., 20 November 1992.

9/ Caribbean Insight (United Kingdom), December 1992.

10/ The Caymanian Compass, 10 December 1993.

11/ Ibid., 1 March 1994.

12/ The Beacon (Tortola), 11 November 1993.

13/ Official Records of the General Assembly, Forty-eighth session, Fourth Committee, 4th meeting, paras. 77-79.

14/ The Caymanian Compass, 1 March 1993.

15/ Ibid., 18 June 1993.

16/ Ibid., 16 March 1993.

17/ Ibid., 3 September 1993.

18/ The local currency is the Cayman Island dollar (CI$). Under the articles of agreement of the International Monetary Fund (IMF), parity of the Cayman Islands dollar to the United States dollar is fixed at CI$ 1.00 = US$ 1.20.

19/ The Caymanian Compass, 16 April 1993.

20/ Ibid., 13 October 1993.

21/ Caribbean Development Bank, Annual Report, 1992, pp. 29-30.

22/ The Caymanian Compass, 8 February 1994.

23/ Ibid., 8 November 1993 and 26 November 1993.

24/ Ibid., 8 November 1993.

25/ Ibid., 21 January 1994.

26/ Ibid., 18 November 1993.

27/ Ibid., 30 June 1993.

28/ Ibid., 26 November 1993.

29/ Ibid., 27 October 1993.

30/ Ibid., 11 November 1993.

31/ Ibid., 3 March 1994.

32/ Ibid., 12 October 1993.

33/ Ibid., 5 January 1994.

34/ Ibid., 18 March 1993.

35/ Ibid., 25 January 1994.

36/ Ibid., 24 March 1993.

37/ Ibid., 25 November 1993.

38/ Ibid., 2 July 1993.

39/ Ibid., 22 June 1993.

40/ Ibid., 14 January 1994.

41/ Ibid., 21 February 1994.

42/ Ibid., 23 June 1993.

43/ Ibid., 11 April 1993.

44/ Ibid., 8 February 1993.

45/ Ibid., 28 January 1994.

46/ Ibid., 19 November 1993.

47/ Ibid., 3 December 1993.

48/ Ibid., 17 November 1993.

49/ Ibid., 28 April 1993.

50/ Ibid., 1 June 1993.

51/ Ibid., 23 April 1993.

52/ Ibid., 28 June 1993.